

Message Text

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73

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 IO-10 ISO-00

AID-05 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 INT-05 GSA-01 L-03

H-02 DODE-00 PA-01 PRS-01 /132 W

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P R 202130Z NOV 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 7739

INFO AMEMBASSY BELGRADE

AMEMBASSY CANBERRA

AMEMBASSY GABORONE

AMEMBASSY JAKARTA

AMEMBASSY KINSHASA

AMEMBASSY LA PAZ

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY MANILA

AMEMBASSY NOUAKCHOTT

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PORT MORESBY

AMEMBASSY SANTIAGO

AMEMBASSY TEHRAN

USMISSION GENEVA

USUN NEW YORK 685

AMEMBASSY VIENNA

C O N F I D E N T I A L LIMA 9653

FOR EB - MR. ENDERS; ARA - MR. FISHLOW; TREASURY - MR. PARSKY;

VIENNA FOR UNIDO DELEGATION

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DEPARTMENT PASS OTHER POSTS AS APPROPRIATE

EO 11652: GDS

TAGS: EMIN, ETRD, XX

SUBJ: CIPEC MINISTERIAL - RESOLUTION ON SHORT-TERM
MEASURES ON PRICES

REF: A) LIMA 9601; B) LIMA 9647

1. EMBASSY HAS OBTAINED COPY OF CLASSIFIED CIPEC "RESOLUTION ON SHORT-TERM MEASURES ON PRICES." TEXT FOLLOWS WITH COMMENTS AS APPROPRIATE.

QUOTE

THE 8TH SESSION OF CIPEC CONFERENCE OF MINISTERS MEETING IN LIMA ON 17TH/19 NOV 1975.
CONSIDERING THE EXPECTED CONTINUATION OF THE ECONOMIC RECESSION IN THE DEVELOPED COUNTRIES,
THE NECESSITY TO MAINTAIN AND STRENGTHEN COOPERATION BETWEEN ALL PRODUCERS WITH THE VIEW TO RESTORING A NORMAL BALANCE BETWEEN SUPPLY AND DEMAND OF COPPER,
TAKING INTO CONSIDERATION THE PROPOSALS OF THE COMMITTEE IN MARKETING POLICY,
AGREES AS FOLLOWS:

1. THE 15 PERCENT CUTBACKS IN PRODUCTION WHICH HAD BEEN DECIDED BY THE 7TH SESSION OF THE CONFERENCE AND WHICH HAVE BEEN IMPLEMENTED SINCE THEN BY CIPEC COUNTRIES WILL BE CONTINUED UNTIL JUNE 30TH 1976. (EMBASSY COMMENT: ZAMBIANS NOTED POINTEDLY THAT CHILEAN ACCEPTANCE OF 15 PERCENT REDUCTION POLICY WAS A MAJOR CHANGE IN CHILEAN POSITION.)

2. THE AVERAGE MONTHLY QUOTA OF EACH MEMBER COUNTRY FROM JANUARY 1ST 1976 WILL BE BASED ON ACTUAL EXISTING CAPACITIES IN THE FIRST HALF OF 1976 (EMBASSY COMMENT: FINAL LANGUAGE OF THIS ARTICLE DOES NOT REFLECT EARLIER SUGGESTION THAT NEW INVESTMENTS COMING ON LINE DURING FIRST HALF OF 1976 BE INCLUDED IN CALCULATION OF EACH COUNTRY'S QUOTA.)

3. AUDITED FIGURES OF PRODUCTION AND SHIPMENTS
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IN 1974 SHALL BE COMMUNICATED TO CIPEC TO BE FOLLOWED IN DUE TIME BY SIMILAR AUDITED STATEMENTS FOR 1975.

4. IN THE LONGER TERM AND SUBJECT TO EXISTING CONTRACTUAL OBLIGATIONS, MEMBER COUNTRIES SHOULD TAKE MEASURES AIMED AT PHASING OUT THEIR EXPORTS OF CONCENTRATES AND BLISTER COPPER TO THOSE COUNTRIES, ESPECIALLY IN WESTERN EUROPE, WHICH PROCESS AND REEXPORT THOSE IMPORTS

AS REFINED COPPER, SOME OF WHICH FINDS ITS WAY INTO LME WAREHOUSES. (EMBASSY COMMENT: ZAMBIANS OPPOSED MENTION OF WESTERN EUROPEAN COUNTRIES BY NAME IN PUBLIC PRESS STATEMENT AND MEMBERS AGREED TO DROP SUCH LANGUAGE. HOWEVER, REFERENCE TO EUROPEANS DOES APPEAR IN CLASSIFIED RESOLUTION.)

5. THE CONFERENCE EXPRESSED THE HOPE THAT MEASURES TAKEN BY CIPEC MEMBERS TO TEMPORARILY REDUCE PRODUCTION WILL ALSO BE ADOPTED BY DEVELOPED COUNTRIES WHICH HAVE REFINING CAPACITIES IN EXCESS OF THEIR INTERNAL CONSUMPTION NEEDS, AND CALLS ON THE PRESIDENT OF CIPEC TO APPROACH THESE COUNTRIES TO THIS END. (EMBASSY COMMENTS: MEMBERS DID DECIDE TO PLACE RESPONSIBILITY FOR CONTACTING DC PRODUCERS SQUARELY ON SHOULDERS OF GENERAL LA VERA, RATHER THAN DO SO EITHER THROUGH CIPEC SECRETARIAT OR THROUGH INDIVIDUAL COUNTRIES.)

6. THE CONFERENCE ALSO RECOMMENDS THAT MEMBER COUNTRIES MAKE ALL POSSIBLE EFFORTS FOR SALES TO BE MADE DIRECTLY TO CONSUMERS. END QUOTE

2. ACTION REQUESTED: RE PARA 5 OF RESOLUTION, EMBASSY WOULD APPRECIATE PRELIMINARY GUIDANCE AS TO HOW WE SHOULD RESPOND IF PERUVIANS APPROACH US HERE, RATHER THAN IN WASHINGTON.
DEAN

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06 JUL 2006

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